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SUBJECT: THE FOX ADMINISTRATION'S FINAL BI-NATIONAL
COMMISSION (BNC): TIME FOR AN ASSESSMENT

11. (SBU) Summary: Fox Administration officials see this fifth and final BNC of their term as a chance to highlight bilateral achievements, institutionalize successful mechanisms, and prepare for the heads of state meeting in Cancun. President Fox, who recently announced imminent extraditions of cartel leaders to the U.S., is clearly interested in making history in contrast to his Foreign Secretary, Luis Ernesto Derbez, who is more interested in

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headlines. We will find Government Secretary Abascal, Public Security Secretary Medina Mora, and to a lesser degree Attorney General (PGR) Cabeza de Vaca most able to address our fundamental concerns regarding security, migration and law enforcement. The Fox cabinet recognizes that it has mere months to cement its legacy before a probable change to a presidency they view literally with fear and loathing. Embassy notes that in March there will be three high-level encounters (including presidential) between the U.S. and Mexico, calling into question the continued need for the BNC.
End Summary.

The Fox Administration's Final BNC

12. (SBU) The Fox administration labors under the weight of missed opportunities, and the relationship with the United States is one area of disappointment. Unprecedented bilateral cooperation on law enforcement, extraditions and anti-terrorism measures goes largely unperceived by the public eye. Expectations are raised (often fueled by ill-advised SRE leaks) by bilateral meetings at the head of state, cabinet or other levels, which are characterized as "failures" when no sweeping programs (benefiting Mexico) are launched. Derbez is criticized for being at odds with Cuba and the U.S. at the same time. He and the Fox Administration see March's remaining trifecta of meetings (the 3/23 NAFTA ministerial, the BNC and the leaders meeting in Cancun) as a chance to show the relationship is thriving as never before -- and reaping benefits for Mexico. They will seek recognition for anti-crime efforts, commitments for better migrant protection, and keep one eye on the Senate debates in the hope that immigration reform prospers. The Mexican delegation will offer protocols for responding to border violence, strengthened efforts to monitor its southern border, and acknowledgment that Mexico could do more on its northern border (in exchange for more work visas).

The End of the Sexenio

13. (SBU) As the Fox six-year term ends (Fox is precluded from re-election) he confronts expected but still biting criticism from the current candidates, including Felipe Calderon from his own National Action Party (PAN). Fox for his part continues to stress the importance of continuity, the risk of "changing horses mid-stream," and the dangers of demagoguery, all in a transparent effort to detract from leading Democratic Revolution Party (PRD) candidate Andres Manuel Lopez Obrador (AMLO). AMLO, who runs under the rubric "For the Benefit of All -- but First the Poor," polls at 41 percent, 10 points higher than Calderon, and 16 points higher than Institutional Revolution Party (PRI) candidate Roberto Madrazo. While there are still four months before July 2 elections, an AMLO victory seems increasingly inevitable, a prospect that Fox personally abhors and that many in the PAN dread. While we have remained carefully neutral in this election, PAN and government officials receive any critical dialogue as electoral blows. In fact the United States has not played as an issue at all in this election -- with the single exception of migration.

14. (SBU) Mexicans have focused more strongly on Mexico's falling competitiveness, a theme of last year's BNC. In education, productivity, foreign investment, transparency -- Mexico has fallen in the rankings or struggled to hold position. Through the "Chapultepec Pact," multi-billionaire Carlos Slim and other business leaders have tried to get the parties to endorse a national platform of economic principles designed to enhance competitiveness. Of course, commentators note that Slim's domination of key sectors contributes to Mexico's lack of global competitiveness. AMLO is the only candidate not to sign on to the Pact. Slim has joined many economic observers in stating that the fundamentals of Mexico's economy are stable regardless of which candidate wins in 2006.

MEXICO 00001456 002 OF 002

The Sexenio to Come

15. (SBU) Our interests align with Mexico's in trying to codify successful cooperative relationships through protocols that can be established, exercised and implemented at operational levels. While Mexico will seek some kind of accord that can be signed at the leaders' meeting in Cancun, we are better served by highlighting operational commitments by both sides to, for example, actually respond to incidents of border violence. Mexico anticipated this by beefing up law enforcement presence along the border with Texas. Our message is that we need sustained, strategic efforts along the length of the border.

16. (SBU) We also need the Fox team to help us ensure continuity through what is likely to be a thorny transition from one administration to the next. Two-thirds of those Mexicans participating in the BNC will be out of office in December, regardless of who wins in July. As much as we can applaud the cooperation we have now, we need their commitment to sustain it through the transition, and to be collaborative with an incoming government so our interests don't suffer.

17. (SBU) Finally, the change in Mexican government is an opportunity to evaluate the continued utility of the BNC format. In 1981 when the BNC was launched there were no faxes, internet, cell phones, NAFTA or SPP. Today we have a broad range of tools and fora that are used daily to engage with the Mexicans at the local, state, and federal levels. The optic of the BNC is strong symbolically, but it is increasingly weak substantively. We get more impact, better bilateral results and better media play from issue-specific, relevant meetings between cabinet partners than we do from the half-day of the BNC.

